

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6170

BILL NUMBER: SB 108

DATE PREPARED: Dec 6, 2001

BILL AMENDED:

SUBJECT: Muscatatuck State Developmental Center.

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FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill prohibits the relocation of a resident of Muscatatuck State Developmental Center (MSDC) to an alternative residential setting unless the alternative residential setting is: (1) appropriate based on the individual's capabilities and needs; and (2) acceptable to the individual or the individual's representative.

The bill requires the Division of Disability, Aging, and Rehabilitative Services to provide a quarterly report to the Commission on Mental Retardation and Developmental Disabilities regarding the status of the closure of MSDC. (The introduced version of this bill was prepared by the Commission on Mental Retardation and Developmental Disabilities.)

Effective Date: Upon passage; March 1, 2002 (retroactive).

Explanation of State Expenditures: This bill extends the closure date of MSDC to January 1, 2004. This extends the deadline by seven months. The MSDC is not budgeted for this time frame, thus this bill will require an additional appropriation. The potential exists for the MSDC to remain open indefinitely if appropriate placements for residents cannot be made; thus extending the deadline further and requiring additional appropriations. The current appropriation for MSDC is \$56.4 M annually.

This bill also requires that the Division of Disability, Aging, and Rehabilitative Services (DDARS) provide a quarterly report regarding the status of the MSDC closure. It is anticipated that DDARS can provide this report with current staff at no additional cost or resources.

Background: The MSDC currently serves 246 residents. Since the closure was announced, 33 residents have relocated from MSDC to other settings. Of the remaining 246 residents, 118 are in the process of planning for their transition from MSDC. The residents that moved out are in the following settings: 14 currently reside in supported living, 14 are in group homes, 2 are in alternate families for adults settings, and 3

individuals were transferred to Madison State Hospital.

The current appropriation for MSDC for FY 2002 is \$56.4 M. Of this amount \$3.6 M are fixed costs and \$52.8 M are staff and supply costs. The total per capita cost is \$149,300 with treatment cost of \$139,600 per year, including staff time only, and \$9,700 in supply costs. The per diem for residents at MSDC is currently \$667 per resident. Of this amount Medicaid reimburses the state \$265, with state cost of \$402 per resident. (The maximum Medicaid allowable per diem is \$428 per resident. This amount includes the state share of \$163. Since the MSDC per diem is above this match, the state is responsible for 100% of costs above this amount, an additional \$239.)

Capital Costs:

The FSSA hired BSA Design to review the condition of state-operated care facilities. This study estimates that MSDC requires \$84.1 M in capital improvements over the next ten-year period to maintain existing service. Some of these items may need addressed prior to the 2005 deadline.

Potential Placements:

There are several placement options available for the residents of MSDC. In order of most to least restrictive, these include placement at: another state-run institution, an intermediate care facility for mental retardation, a group home, or a waiver placement. These options should provide comparable services for residents in the least restrictive environment. Explanation of the options and costs are as follows. Note: If costs exceed the Medicaid allowable amount, the state is responsible for 100% of the additional cost.

Intermediate Care Facility for Mental Retardation (ICFMR)

These facilities provide services for residents in transition. The New Horizon center is an example of an ICFMR that provides services for residents similar to some of those at MSDC. ICFMRs cannot charge more than the established per diem for new residents. The current per diem at New Horizon is \$137 per resident with a state match of \$52 per resident.

Group Homes

Some of the residents from MSDC have transitioned to a group home setting. Group homes provide supervised services for groups of four or more residents. The care provided is similar to that provided at MSDC currently, but in a less restrictive environment. FSSA is currently developing criteria and a per diem for a new category of home designed for residents of MSDC. The per diem is estimated at \$346 per resident with the state share at \$131 per resident. Some group homes currently charge less than \$250 per resident per day.

Waiver Placements

Some of the residents in MSDC may be relocated to a waiver placement. In these scenarios residents are eligible for Medicaid waivers and receive money for room and board, community outings, physical therapy, and any other required therapy. The state pays a 38% match on the \$470 waiver per diem, or a maximum state expenditure of \$223 per resident per day.

Explanation of State Revenues: These individuals are Medicaid eligible with a 62% federal match.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected:

Information Sources:

Amy Brown, Legislative Liaison for Family and Social Services Administration, (317)232-4451.

Alison Becker, Family and Social Services Administration, Division of Disability, Aging & Rehabilitative Services, (317)234-1527.

Testimony from Indiana Commission on Mental Retardation and Developmental Disabilities meeting, August 30, 2001.

Testimony from Indiana Commission on Mental Retardation and Developmental Disabilities meeting, September 27, 2001.

Governor's Council on State Operated Care Facilities - Final Report,
<http://www.in.gov/fssa/servicedisabl/sofreport.html>